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SHOULD ATLANTIC MILLENNIALS RENT OR BUY HOMES?

As Millennials (born 1980 to 2000) reach their prime working and spending years, they will significantly impact the local housing market. To many Millennials living in Atlantic Canada, often saddled with high student debt loads and minimal job security in the current economic climate, renting is a sound financial alternative to purchasing a home... in the short term. Research by Turner Drake and Partners Ltd. shows that Millennials in Atlantic region may save on monthly payments by renting a home.

Our data is based on a 10% down payment on a 5-year fixed rate mortgage (2.59%) with a 25-year amortization period, and the average rental value from CMHC historic Rental Market reports. We took into account the most common additional costs typically unique to home owners, including home and mortgage insurance, heating, maintenance and property tax. With those assumptions in place, for a five year period, renting costs less in all four Atlantic provinces, the difference being \$725 in Nova Scotia, \$627 in Newfoundland and Labrador, \$558 in New Brunswick, and \$472 in Prince Edward Island.

CHMC's recent Housing Market Outlook report projects that mortgage rates are expected to increase slightly by the end of 2017. The rent vs. buy gap in Atlantic Canada is expected to maintain its current pattern, and Millennials will enjoy monthly savings if they rent instead of buy. Overall, it is 40% cheaper to rent an apartment of any bedroom type compared to buying a house in the first five years.

Turner Drake & Partners Ltd. is a multi-disciplinary firm of real estate consultants offering valuation, property tax, counselling, economic intelligence, planning and Lasercad® space measurement advice, throughout Atlantic Canada and Ontario; together with brokerage (sales and leasing) services in Nova Scotia, New Brunswick and Prince Edward Island.

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If you would like more information about this topic, or wish to schedule an interview with Alexandra Baird Allen, please call (902) 429-1811 ext. 323 or email abairdallen@turnerdrake.com.